



**STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0285**

**DAVE GOETZ
COMMISSIONER**

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CONTACT: JERRY ADAMS
615-741-4806

JULY REVENUES

NASHVILLE – State sales tax revenues for July jumped with the largest monthly growth in over three years. Finance and Administration Commissioner Dave Goetz today reported July's total revenue collections were up from July of last year. The last month in which sales tax collections exceeded this month's growth rate was April of 2007.

"We believe the growth in both sales and corporate tax collections point to an economic recovery in Tennessee; however, we will continue to be cautious, keeping our budget in balance as we move forward," Goetz said. "Franchise and Excise tax collections showed negative growth for the month, but this can be attributed to significant one-time payments received in July of 2009. The year-to-date growth in our corporate tax collections have shown considerable improvement over last year, posting a gain of over 4 percent," Goetz said.

Overall, July revenues were \$833.6 million or \$22.5 million more than the state budgeted.

On an accrual basis, July is the twelfth month in the 2009-2010 fiscal year.

The general fund was over collected by \$28.0 million, and the four other funds were under collected by \$5.5 million.

Sales tax collections were \$1.0 million less than the estimate for July. The July growth rate was 5.94%. For twelve months revenues are under collected by \$225.7 million. The year-to-date growth rate for twelve months was negative 2.25%.

Franchise and excise taxes combined were \$7.5 million over the budgeted estimate of \$44.0 million. The growth rate for July was negative 36.40%. For twelve months revenues are over collected by \$83.3 million and the year-to-date growth rate was positive 4.01%.

Inheritance and estate tax collections were \$1.8 million above the July estimate. For twelve months collections are \$10.4 million below the budgeted estimate.

Privilege tax collections were \$1.1 million below the July budgeted estimate. For twelve months collections are \$24.8 million less than the budgeted estimate, and the year-to date growth rate was negative 3.15%.

Tobacco tax collections were \$1.2 million above the budgeted estimate of \$25.3 million. For twelve months revenues are over collected by \$1.2 million.

Gasoline and motor fuel tax collections for July decreased by 0.36 %. For twelve months revenues are under collected by \$8.2 million.

Year-to-date collections for twelve months were \$203.0 million less than the budgeted estimate. The general fund was under collected by \$151.3 million and the four other funds were under collected by \$51.7 million.

The budgeted revenue estimates for 2009-2010 are based on the State Funding Board's consensus recommendation adopted by the first session of the 106th General Assembly in May of 2009, and are available on the state's Web site at <http://www.tn.gov/finance/bud/budget.html>.

The State Funding board met on December 18, 2009 and adopted mid-year revised revenue ranges for 2009-2010. The revised ranges reflect growth rates ranging from negative 1.50% to negative 0.25% in total taxes, and negative 2.35% to negative 0.85% in general fund taxes. Based on the consensus recommendation, the official budgeted estimates for 2009-2010 were revised in late December.

The revised mid-year estimates are reflected on pages A-70 and A-72 in the 2010-2011 Budget Document and assume an under collection in total taxes in the amount of \$161.3 million, and an under collection of \$153.2 million in the general fund.

The funding board met again in March of this year and adopted final revenue ranges for 2009-2010.

The board's consensus recommendation was to recognize lower growth rates than those adopted on December 18, 2009. The revised ranges reflect growth rates ranging from negative 1.77% to negative 1.29% for total taxes, and negative 2.31% to negative 1.78% in general fund taxes.

Based upon the funding board's March recommendation the revised estimates for 2009-2010 compared to the July 2009 official budgeted estimates now assume an under collection in total taxes in the amount of \$258.9 million, and an under collection of \$231.0 million in general fund taxes.

Year-to-date collections for 2009-2010 are subject to final accrual adjustments.

**REVENUE COLLECTIONS
JULY, 2010, AND 12 MONTHS YEAR-TO-DATE**

July Collections:

	Budgeted Accrual Estimate	Actual	Difference
General Fund	\$653,961,000	\$681,992,000	\$28,031,000
Highway Fund	58,748,000	52,502,000	(6,246,000)
Sinking Fund	32,611,000	32,641,000	30,000
City & County Fund	64,864,000	65,534,000	670,000
Earmarked Fund	891,000	893,000	2,000
Total	\$811,075,000	\$833,562,000	\$22,487,000

Year-To-Date Collections:

	Budgeted Accrual Estimate	Actual	Difference
General Fund	\$8,407,200,000	\$8,255,922,000	(\$151,278,000)
Highway Fund	681,000,000	637,977,000	(43,023,000)
Sinking Fund	388,400,000	386,834,000	(1,566,000)
City & County Fund	804,700,000	797,567,000	(7,133,000)
Earmarked Fund	10,700,000	10,700,000	0
Total	\$10,292,000,000	\$10,089,000,000	(\$203,000,000)

Table 1
Tennessee Department of Revenue
Comparative Statement of Collected Revenues

Class of Tax	July			
	2009	2010	Change	Percent
Franchise & Excise	\$80,924,000	\$51,465,000	(\$29,459,000)	-36.40%
Income	1,528,000	776,000	(752,000)	-49.21%
Inheritance & Estate	7,301,000	13,515,000	6,214,000	85.11%
Gasoline	52,261,000	51,516,000	(745,000)	-1.43%
Petroleum Special	5,324,000	5,387,000	63,000	1.18%
Tobacco	23,533,000	26,461,000	2,928,000	12.44%
Beer	1,484,000	1,727,000	243,000	16.37%
Motor Vehicle Registration	20,485,000	20,507,000	22,000	0.11%
Motor Vehicle Title	948,000	916,000	(32,000)	-3.38%
Mixed Drink	4,629,000	4,463,000	(166,000)	-3.59%
Business	3,104,000	2,954,000	(150,000)	-4.83%
Privilege	21,674,000	21,335,000	(339,000)	-1.56%
Gross Receipts	12,663,000	18,472,000	5,809,000	45.87%
TVA - In Lieu of Tax Payments	24,015,000	26,499,000	2,484,000	10.34%
Alcoholic Beverage	4,076,000	4,344,000	268,000	6.58%
Sales and Use	534,867,000	566,653,000	31,786,000	5.94%
Motor Vehicle Fuel	15,929,000	16,345,000	416,000	2.61%
Severance	142,000	164,000	22,000	15.49%
Coin-operated Amusement	107,000	52,000	(55,000)	-51.40%
Unauthorized Substance	15,000	11,000	(4,000)	-26.67%
Total	\$815,009,000	\$833,562,000	\$18,553,000	2.28%

Table 2
Tennessee Department of Revenue
Comparative Statement of Collected Revenues

Class of Tax	August - July			
	2008-2009	2009-2010	Change	Percent
Franchise & Excise	\$1,368,718,000	\$1,423,568,000	\$54,850,000	4.01%
Income	221,201,000	171,707,000	(49,494,000)	-22.38%
Inheritance & Estate	82,761,000	87,304,000	4,543,000	5.49%
Gasoline	601,269,000	607,104,000	5,835,000	0.97%
Petroleum Special	61,555,000	62,794,000	1,239,000	2.01%
Tobacco	299,215,000	293,367,000	(5,848,000)	-1.95%
Beer	18,228,000	17,148,000	(1,080,000)	-5.92%
Motor Vehicle Registration	241,282,000	239,417,000	(1,865,000)	-0.77%
Motor Vehicle Title	10,030,000	10,402,000	372,000	3.71%
Mixed Drink	53,975,000	55,267,000	1,292,000	2.39%
Business	135,825,000	132,312,000	(3,513,000)	-2.59%
Privilege	255,609,000	247,569,000	(8,040,000)	-3.15%
Gross Receipts	32,040,000	32,707,000	667,000	2.08%
TVA - In Lieu of Tax Payments	283,099,000	317,910,000	34,811,000	12.30%
Alcoholic Beverage	45,026,000	46,608,000	1,582,000	3.51%
Sales and Use	6,331,290,000	6,188,562,000	(142,728,000)	-2.25%
Motor Vehicle Fuel	154,820,000	154,632,000	(188,000)	-0.12%
Severance	2,288,000	2,272,000	(16,000)	-0.70%
Coin-operated Amusement	354,000	241,000	(113,000)	-31.92%
Unauthorized Substance	1,086,000	(1,891,000)	(2,977,000)	-274.13%
Total	\$10,199,671,000	\$10,089,000,000	(\$110,671,000)	-1.09%

Table 3
August - July Revenue Overcollections/(Undercollections)
Budgeted Estimate

	General Fund	Other Funds	Total
Sales Tax	\$ (189,500,000)	\$ (36,200,000)	\$ (225,700,000)
Income Tax	(10,700,000)	(5,600,000)	(16,300,000)
Inheritance Tax	(10,400,000)	0	(10,400,000)
Privilege Tax	(24,800,000)	0	(24,800,000)
Business Tax	(21,300,000)	0	(21,300,000)
TVA	14,100,000	10,800,000	24,900,000
Gross Receipts	9,800,000	0	9,800,000
Gasoline & Motor Fuel Taxes	(100,000)	(8,100,000)	(8,200,000)
Motor Vehicle Registration	(1,600,000)	(10,200,000)	(11,800,000)
Other Taxes	(100,000)	(2,400,000)	(2,500,000)
Tobacco	1,200,000	0	1,200,000
Beer	600,000	200,000	800,000
Motor Vehicle Title	(500,000)	(100,000)	(600,000)
Mixed Drink	(400,000)	(300,000)	(700,000)
Alcoholic Beverage	(200,000)	(100,000)	(300,000)
Severance	100,000	200,000	300,000
Coin Operated Amusement	(100,000)	0	(100,000)
Unauthorized Substance	(800,000)	(2,300,000)	(3,100,000)
Sub-Total	\$ (234,600,000)	\$ (51,700,000)	\$ (286,300,000)
F & E Taxes	83,300,000	0	83,300,000
Total	\$ (151,300,000)	\$ (51,700,000)	\$ (203,000,000)